

4th Estate Service Requirements Review Board (SRRB) & Senior Review Panel (SRP) Frequently Asked Questions

SRRBs General Background

What is a Service Requirements Review Board (SRRB)?

An SRRB is a structured review process chaired by senior leaders to inform, assess, and support trade-off decisions regarding requirements cost, schedule, and performance for the acquisition of services. The goal of an SRRB is the validation and optimization of current and future service acquisition requirements. While SRRBs are typically focused on contractor-provided services, a services requirements review can also help inform the decision to use organic capabilities vs. contracting for the required service. SRRBs are defined in the DoD Instruction (DoDI) 5000.74 – Defense Acquisition of Services.

What are the expectations for 4th Estate organizations with respect to SRRBs?

4th Estate organizations must (1) establish and implement a process for reviewing their services requirements and (2) prepare for and present results to a 4th Estate SRRB Senior Review Panel to be chaired by the Deputy Chief Management Officer (DCMO).

Why is the Department requiring 4th Estate organizations conduct SRRBs now?

Three reasons: statute, declining budgets, and active management of the total force. 10 U.S.C. 2330 requires DoD to actively manage contracted services. Within Public Law 111-383, Ike Skelton National Defense Authorization Act for Fiscal Year 2011, Section 863 required DoD to ensure that the military departments and Defense Agencies establish processes for identifying, assessing, reviewing, and validating requirements for the acquisition of services. The military departments have already implemented SRRBs—the 4th Estate SRRBs will complete fulfillment of this requirement.

The benefit of validating requirements via SRRBs is active management of services to ensure cost-effective, efficient application of resources to meet mission requirements. In this time of declining budgets and sequestration, SRRBs provide tools to assess relative value of services and to make prudent, cost-effective trade-offs without compromising mission capabilities.

What are possible SRRB outcomes?

The SRRB process seeks the most value for the minimally appropriate cost of contracted services. Every requirement and organization will be different, but outcomes may include:

1. Elimination of partial or entire non-value-added (or limited marginal value) contracted services capabilities.
2. Identification and elimination of redundant contracted capabilities.
3. Restructured work allocation.

4. Re-competing new requirements that better align to mission and marketplace.
5. Improved alignment of labor categories to work provided.
6. Strategic sourcing of services capabilities.
7. Identification of inherently governmental activities not suitable for contracted services.

What are some of the considerations that would lead to the possible outcomes described above?

1. Elimination of parts of, or entire, contracted services capabilities would be appropriate when the work provided is redundant, unneeded, or of less value than other needed work (lower priority). Examples include, but are not limited to, multiple contractors or organizations working on the same or similar function, deliverable reports that no one uses since they have outlived their utility, and the elimination of staff admin services to increase funds for technical analysts.
2. Restructured work allocation can be done when the function is inappropriate for contracted services (inherently governmental or closely related to inherently governmental functions) or when it is more cost effective to have someone else do the work. Examples include moving work from contractor to government when the function is oversight of another contractor (which is inherently governmental), or moving administrative functions from a technical to an administrative services contractor, or even government employees, to lower cost by leveraging better rate structures.
3. Re-competing new requirements that better align to mission and marketplace may improve cost and capabilities through better definition of need. It has been found that requirements have been rolled from one contract to another without significant updating, thus becoming out-of-date. Examples found include statements of work that do not reflect new organizational requirements and structure, or new tools, that would allow vendors better ability to meet the need at a lower price.
4. Improved alignment of labor categories to work provided addresses the requirement versus the people providing the service. SRRBs have identified cost and scope “creep” when an individual contractor remains on the job in a specific title, but increases job responsibilities and salary, usually resulting in higher contract costs. This misalignment of the actual requirement and execution costs more money.

How often are SRRBs required?

Reviews are required at least annually.

Where is the concept of SRRBs documented?

The basis for SRRBs is provided by 10 U.S.C. 2330, which requires DoD to actively manage contracted services. Public Law 111-383, the Ike Skelton National Defense Authorization Act for Fiscal Year 2011, Section 863 requires DoD to ensure that the military departments and Defense Agencies each establish a process for identifying, assessing, reviewing, and validating requirements for the acquisition of services. The SRRBs as defined in the DoDI 5000.74 – Defense Acquisition of Services address this mandate.

Additional guidance may be issued by the DCMO and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics per the tasking outlined in the Deputy Secretary of Defense's memorandum on "Implementation of Institutional Reform Opportunities", issued July 24, 2015.

SRRB Senior Review Panel Mechanics

What are 4th Estate SRRB Senior Review Panels?

The Panels are a series of reviews led by senior Department leaders to assess the results of 4th Estate SRRBs. DCMO provided guidance related to the preparation and execution of Senior Review Panels via the "Service Requirements Review Board Implementation for the Department of Defense Fourth Estate" memorandum, issued December 22, 2015

What will the Senior Review Panels assess?

- The identification of potential annual reductions in service requirements equal to at least 10% (each year of the FYDP) of each organization's FY15 obligations baseline
- Results of the organization's internal services requirements review
- The process each organization has implemented for developing, analyzing, reviewing, validating, and tracking requirements for the acquisition of services

Who is on the 4th Estate Senior Review Panel?

The panel includes three members:

- The DoD Deputy Chief Management Officer (DCMO) (chair)
- The senior-level official responsible for the mission—the Principal Staff Assistant (PSA) or head of the Agency
- An independent third party, usually the Principal Deputy Under Secretary for Acquisition, Technology, and Logistics (PDUSD(AT&L)) in his role as the DoD's Senior Services Manager (unless AT&L is the panel PSA). If PDUSD(AT&L) is not participating, a senior member of another organization will be selected by the DCMO as a replacement

Advisors may be called to support the review panels. Examples include, but are not limited to:

- Representatives of the Military Departments or other major stakeholders
- Other military department or other defense agency Senior Services Managers
- DCMO staff to support logistics and meeting management
- AT&L Defense Procurement and Acquisition Policy (DPAP) Services Acquisition staff to support process facilitation

Who should present at a Senior Review Panel?

The organization head or principal deputy of the 4th Estate organization being reviewed shall lead the presentation. Direct reports with oversight responsibility for services acquisition requirements development shall also attend the review panel to provide detailed background on requirements as needed.

When will my organization present to the Senior Review Panel?

The Senior Review Panels are scheduled between December 2015 and April 2016. Specific dates will be provided to each organization's SRRB point of contact.

How will the Senior Review Panel coordinate with my organization?

The panels will employ an executive secretariat to support engagement with each organization, develop and disseminate briefing templates, execute scheduling and meeting logistics, publish post-panel minutes, and track action items. The executive secretariat will contact each organization's SRRB point of contact to initiate engagement activities.

Where can an organization go to discuss the baseline against which to identify 10% efficiencies?

In some cases, FY15 obligations may not be an accurate baseline against which to identify and apply efficiencies. Significant reductions or increases in obligations since FY15 due to reprogramming, significant portions of requirements under another organization's control, or other factors may require a discussion on what should be included in the baseline.

If the organization feels the baseline is wrong due to a mistake in data analysis (e.g., the contracts included in the baseline actually belong to another organization or contracts not listed do belong to the organization), the organization should work with the executive secretariat to clarify.

Organization-level SRRB Requirements and Best Practices

What are the characteristics of a successful SRRB?

Common characteristics of a successful SRRB include, but are not limited to:

- Focuses on the requirements vs. the contracts
- Led by the requiring activity
- Supported by leadership
- Executed at least annually; more often as needed
- Includes all major stakeholders
- Focuses on the need/value of each requirement
- Identifies efficiencies, cost savings, and best practices
- Considers lifecycle costs of a requirement
- Evaluates risks against the impact on mission

Who should present or participate in an organization's internal SRRB?

Presenters of the requirements should always be the individual with the knowledge and authority to manage the capability or contract (i.e., the owner of the requirement should present—they may not necessarily be the owner of the contract). This person should be knowledgeable in all aspects of the requirement and how it supports the broader organization and mission. This will, in most cases, not be the contracting officer's representative (COR).

Participants in the SRRB process, in general, should include all major stakeholders. This may include:

- Requirements owners
- Customer representatives
- Financial manager
- Personnel & Readiness representatives
- Contracting Officer
- COR
- Legal, Small Business, Administrative Representatives (may be optional)

Past experience indicates that the construct of the SRRB participation is most beneficial when the entire leadership team is present during all presentations and discussions. This provides an opportunity to hear and understand the connectivity and relative prioritization of all organizational requirements, which often leads to improved outcomes from the SRRB.

Participants are cautioned, however, to be aware of the number of participants and ease of discussion. SRRBs must maintain a balance between appropriate oversight and the mechanics of running an efficient, productive SRRB. More participants are not always optimal.

What things should I consider when evaluating value of contracted services?

The primary value of a requirement is first-and-foremost defined on the value it provides to the mission, answerable by the question, “Is this where I should spend money to get the best result for mission support/execution?” Supporting questions to consider during value discussions include, but are not limited to:

- Why am I executing this specific requirement? What is the actual importance of the task? (i.e., Is it a “must have” or a “nice to have”?)
- What is the best way to meet this requirement over the long-run?
- Is the requirement being fulfilled in the most cost-effective way?
- What work can cease and how much money would be saved? (and conversely) What is not being done and how much would it cost?
- How much does the requirement cost relative to the benefit realized (return on investment)?
- Is this a good investment, or would the money be better and more effectively spent on a different requirement?
- Is the cost of the requirement stable, and what was expected, or is it always changing/increasing?
- What is the performance of the requirement provider? Is it excellent and we can save money by reducing our needs, or is it acceptable at an appropriate price?

How should I go about prioritizing requirements?

While every organization will have different specifics and orders of importance, all should include consideration of:

- Overall lifecycle cost
- Marginal cost of performance decreases or increases
- Mission criticality
- Inherently governmental/ closely related to inherently governmental
- Inappropriate personal services
- Industrial base
- Requirements management impacts (workforce makeup, etc.)

What are the Portfolio/Portfolio Groups of Services?

The portfolios that make up portfolio groups are a DoD-developed grouping of like services based on the Product Services Codes (PSCs) that are used by all federal government contracting activities for identifying and classifying services. The DoD's Portfolio Group Taxonomy consists of 9 services portfolio groups with 40 services portfolios. More detailed information, including specific portfolio breakdown, is on-line at <http://www.acq.osd.mil/dpap/ss/taxonomy.html>.

What are tripwires?

Tripwires are specific issues that have been identified by the organization as potentially leading to a higher risk of increased cost, contract mismanagement, and/or fraud. If a tripwire is triggered, it is a signal that the SRRB should explore the management processes, risk mitigation, and execution outcomes with the requirements owner to ensure that the outcomes reflect the optimal value for the minimally appropriate cost and risk.

What are examples of tripwires?

Examples included in the implementation guidance for all organizations are:

- Labor rates
- Performance Issues
- Use of bridge contracts
- Use of subcontractors
- Single-bid procurements
- Best-value source selection premiums
- Other direct costs
- Economy Act awards

Values for tripwires are not included in guidance of the above questions. Why?

Values are not specified for the tripwires, as no single value is appropriate for all requirements. The values associated with each tripwire should be developed to the specific organization and its requirements. What may be appropriate to one organization may be too high (or too low) for another, so best judgment is required.

May an organization add other tripwires?

Yes, tripwires that are specific and important to the organization may be added. Examples may include, but are not limited to, the number of contractors seated in government spaces, types of security clearances, and contract type.

When I report the number of contractors on a specific effort, how do I calculate Contractor Manpower Equivalent?

There are two primary ways:

1. (Preferred) If the hours worked are available, the calculation is to add all the hours worked in a fiscal year and divide by 2,087 hours per workyear to reach CME (also referred to as Full Time Equivalent). Example: If 200 full- and part-time contract employees amassed 151,934 hours in the last FY, the calculation of 151,934 hours divided by 2,087 hours per CME work year equals 72.8 CME workyears.
2. (Alternate) If hours are unavailable, adding up the number of workyears people who work on that requirement provide will substitute. Example if a requirement had 300 people working full time, and 145 people working half time, the calculation of (300 people times 1 work year per person PLUS 145 people times 0.5 work year per person) equals 300 + 72.5 equals 372.5 work years.

If I receive support paid for by someone else, do I report it in my SRRB?

Yes. If you own the requirement and define the associated standards of performance, you must review the requirement regardless of the funding source. Funding trails should be a part of that review discussion as well.

How might contracts be changed to realize savings identified during the SRRB process?

The contracting officer can provide the most detailed explanation, but contract changes may include:

- Completely ending a contract by not awarding an option or terminating for convenience, etc.
- De-scoping requirements through a change in the statement of work / performance work statement to eliminate unneeded work
- Removal or changing of deliverables
- Changing acquisition strategies for follow-on requirements to better align with market capabilities. This may include more competition, splitting unrelated requirements, more small business, etc.

What types of funding should be considered during the SRRBs?

All requirements funded by all appropriations will be included in the review except for non-appropriated funds (NAF) and National Intelligence Program (NIP) funds. Requirements funded by Working Capital Fund (WCF) and Military Interdepartmental Purchase Request (MIPR) will be reviewed under the requiring organization's SRRB.

WCF offers a more complex review challenge. When considering WCF for inclusion in the SRRB, the following guidance applies:

- Where you own the requirement: Include WCF-funded requirements in your review and be prepared to brief the results to the Senior Review Panel. Note: for the FY16 SRPs, do not include WCF-funded requirements in your FY15 baseline (used to calculate the required 10% efficiencies)
- Where you do not own the requirement: No action needed for the FY16 SRP, however for next year's SRP, you will need to present a discussion on your customers' reviews of their WCF-funded requirements. Do not include WCF-funded requirements in the FY15 baseline (used to calculate the required 10% efficiencies for the FY16 SRP)